



85.36 Disbursement Processing

85.36.10

July 1, 2000

Agency disbursement processes

Agency disbursement processes should minimize the cost of making disbursements by using the most cost effective means available. To optimize cash management, agencies should minimize early payments unless the early payments result in vendor discounts.

85.36.20

June 1, 2005

Disbursement mechanisms

Disbursement mechanisms available to state agencies include:

- **Treasury Warrants** (Refer to Subsection 85.36.30)
- **Local Checks** (Refer to Subsection 85.36.40)
- **Inter-Agency Payments (IAP)** is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts.
- **Interfund Transactions (IFT)** is a method, used during the fiscal year, to allocate or transfer costs between accounts, programs, etc., within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25. During months 99 and 25, agencies should use the IAP process (requires the agency to be a statewide vendor).
- **Journal Vouchers (JV payments)** are to be used to generate EFT payments through the Office of the State Treasurer to accounts outside the State Treasury. JVs are also used to transfer funds between agencies and between treasury and/or treasury trust accounts. (Refer to Section 85.90 Interfund/Interagency Activities)
- **State Charge Card System** is negotiated by the Department of General Administration (GA) under a single vendor contract. It includes the Central Travel Account, the Charge Card (purchase card), the Multi-Card (combination purchase and travel card), and the Motor Vehicle Rental Card. Agencies must comply with the Charge Card

Services contract. For further information about the state charge card system or to view specific contract requirements, contact GA's Office of State Procurement (OSP) or go to:

<http://www.ga.wa.gov/pca/PCard.htm>. Charge cards (e.g. purchase cards) may not be used for purchases between state agencies without prior written approval from OFM.

Section 10.10.45 describes the use of charge cards for travel related expenses. Minimum requirements for agency purchase card programs are covered in Chapter 45. Agencies with central travel accounts and/or multi-card programs should establish appropriate policies and controls.

Note: The vendor contract for the state's charge card program also allows an agency to authorize the credit card vendor to issue cards to individual employees called Individual Travel Accounts. These individual travel account cards are to be used exclusively by an employee to charge state authorized travel expenses. Each employee must voluntarily apply for a card. The employee is individually billed for charges incurred and is solely responsible to pay the bill. The employee may be reimbursed by their agency as allowed in Chapter 10. Agencies with employee individual travel account programs should establish appropriate policies and controls. GA's OSP has provided a sample policy and employee agreement, which may be adapted for agency use as deemed appropriate. These documents are available at: <http://www.ga.wa.gov/pca/contract/04298c.doc>.

- **Universal Fuel Credit Card** is also administered by GA. For further information about the fuel credit card or to view specific contract requirements, contact GA's Office of State Procurement or go to: <http://www.ga.wa.gov/pca/contract/03703c.doc>. (Refer to RCW 43.19.185; WAC 236-48-250 to 253). Also, for these cards or Department of Transportation Fuel Cards when used for GA Motor Pool vehicles, go to: <http://www.ga.wa.gov/mp/maintenance.html#fuel>.
- **EFT Payments** are electronic fund transfers from a state bank account to the payee's account at their designated financial institution. EFT is accomplished using the Automated Clearing House (ACH) Network, or by wire transfer. EFT payments should be used, if possible, for payments from treasury-type accounts to local accounts.
 - o **OST EFT** payments are electronic fund transfers from treasury and treasury trust accounts that originate at the Office of State Treasurer (OST). Agencies must inform OST and send an EFT JV **at least by 12:00 noon the day before** the effective date of the transfer. The effective date is the day funds will be transferred between bank accounts, and must be noted on the JV.

Accounting Procedures

In cases where an agency prepares an ACH tape (or file) for OST, the tape (file) must be available to the treasurer **no later than two working days before** the effective date of the transfer. The JV must be to OST the day before the effective date.

- o **AFRS EFT** payments are electronic fund transfers that originate in the Agency Financial Reporting System (AFRS). The EFT payment information is processed nightly and communicated electronically to OST, who passes the information to the state's Automated Clearing House (ACH) operator. The effective date of these payments is the third working day after initial processing.

Any agency entering transactions into AFRS may issue EFT payments by utilizing statewide vendors and AFRS transaction codes established specifically for EFT payments. Agencies are responsible for including correct, meaningful remittance information (in the invoice number and vendor message fields) so vendors can post payments accurately.

- **EBT (Electronic Benefit Transfer) Payments** are an alternative method for making disbursements to benefit recipients. EBT is similar in nature to a debit card. The recipient's benefits are encoded on a magnetic stripe card.

85.36.30

May 1, 1999

Treasury account requirements

85.36.30.a

For the purpose of this section, the term Treasury Account refers to both Treasury and Treasury Trust Accounts.

85.36.30.b

The following documents are generated when processing Treasury Account disbursements:

- **Warrant** - The payment instrument for each invoice voucher or other evidence of indebtedness validated by the Office of the State Treasurer (OST) for payment.
- **Warrant Register (A1)** - The document used to record expenditure/expense vouchers and account classifications of each transaction in detail, certified and released by the OST. It is also used to summarize the information documented on the detailed warrant register.

- **Vendor's Remittance Advice** - The document used to accompany each warrant to notify the payee of what is being paid. The Vendor's Remittance Advice is to reference the warrant number and the invoice number as appropriate.
- **Outstanding Warrant Record** - The document used to record warrants issued by the agency which are not yet redeemed by the OST, canceled by the agency, or canceled by statute of limitation.

85.36.30.c The following documents are controlled by the OST for validation and processing:

- **Warrants**
- **Warrant Register Summary (A1)**
- **Warrant Register Detail (A1)**
- **Outstanding Warrant Record**

85.36.30.d The validated warrants are returned to the agency by the OST or, if authorized by OST, by the Department of Information Services (DIS). Copies of the Warrant Register Summary (A1) and the Warrant Register Detail (A1) are sent to the agency by DIS.

85.36.30.e Upon validation by the OST, agencies are responsible for promptly forwarding warrants to the vendor or authorized payee.

85.36.30.f The validated warrant and vendor copy of the Vendor's Remittance Advice are to be released only to the vendor or other authorized payee.

85.36.30.g The agency is to maintain the Warrant Register Summary (A1), Warrant Register Detail (A1) and a copy of the Vendor's Remittance Advice (A2) along with the detail source documents.

85.36.30.h A payment file by vendor (payee) is to be maintained. Agencies that do not have an automated system (e.g., AFRS/DRS) capable of detecting duplicate payments are to file a copy of the Vendor's Remittance Advice alphabetically by vendor (payee) name. When Vendor's Remittance Advices are filed, the file is to be reviewed for duplicate payments.

85.36.40

May 1, 1999

Local account requirements

85.36.40.a The following documents are generated when processing Local Account disbursements:

- **Check** - The payment instrument used for each invoice voucher or other evidence of indebtedness.
- **Check Register** - The document used to record pertinent details relating to expenditure/expense vouchers and coding for each check issued.
- **Vendor's Remittance Advice** - The document used to notify the payee of what is being paid. The Vendor's Remittance Advice is to reference the check number and the invoice number as appropriate.

85.36.40.b Agencies are to maintain a file (may be in electronic form) containing copies of Vendor's Remittance Advices for each check.

85.36.40.c A payment file by vendor (payee) is to be maintained. Agencies that do not have an automated system capable of detecting duplicate payments are to file a copy of the Vendor's Remittance Advice alphabetically by vendor (payee) name. When Vendor's Remittance Advices are filed, the file is to be reviewed for duplicate payments.

85.36.40.d The signed check and vendor copy of the Vendor's Remittance Advice are to be released only to the vendor or other authorized payee.

85.36.50

May 1, 1999

Recording

85.36.50.a The approved Warrant Register Summary (A1) or local account Check Register constitutes the basis for recording expenditures/expenses. Expenditure/expense transactions are to be recorded in the General Ledger and the Subsidiary Allotment and Expenditure/Expense Ledgers. (Refer to Subsection 85.42.30 for an illustrative entry to record expenditure/expense disbursements.)

85.36.50.b The following information, at a minimum, is to be recorded in the Subsidiary Allotment and Expenditure/Expense ledgers:

- Warrant and/or Check Register Date;
- Warrant and/or Check Register Number Reference;
- Voucher Number Reference;
- Appropriate Expenditure Coding; and
- Amount of Disbursement.